

Message Text

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PAGE 01 SEOUL 04939 141112Z

ACTION EA-09

INFO OCT-01 EB-07 ISO-00 /017 W

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FM AMEMBASSY SEOUL

TO USDOC WASHDC

INFO SECSTATE WASHDC 4478

UNCLAS SEOUL 4939

E.O. 11652: NA

TAGS: BEXP, KS

SUBJECT: WTDR ON WONJIN ELECTRONICS CO., LTD.

REF: SEOUL 4703 (NOTAL)

1. THIS IS TO ALERT DEPARTMENT TO FOLLOWING TELEX
RECEIVED BY EMBASSY FROM KDK ELECTRONICS, SUNNYVALE,
CALIFORNIA, RELATING TO SUBJECT WTDR: QUOTE
ATTN: COMMERCIAL ATTACHE

KDK ELECTRONICS, INC. WAS VERY SURPRISED TO HEAR OF THE
UNFAVORABLE WTDR SUBMITTED ON WONJIN BY YOUR OFFICE. THIS
REPORT HAS KEPT US FROM GETTING AN EXPORT LICENSE,
WHICH IS WHAT WONJIN WANTS. FOR REASONS UNCOMMUNICATED TO
KDK, WONJIN HAS DECIDED TO TRY TO ABORT OUR PROJECT. TO
ACHIEVE THEIR OBJECTIVE THEY HAVE WITH THE SUPPORT OF
COMMERCIAL BANK OF KOREA (CBK) UNILATERALLY ISSUED AN
AMENDMENT TO OUR 3 MILLION DOLLAR IRREVOCABLE LC THAT
PREVENTS US FROM SHIPPING, THEY HAVE CONTACTED OUR
VENDORS DIRECTLY DISCREDITING US, AND THEY PROVIDED YOU WITH
FALSE INFORMATION TO INSURE WE DO NOT GET AN EXPORT
LICENSE.

AS WONJIN IS TAKING MANY ACTIONS GREVIOUSLY DAMAGING TO
KDK AS WELL AS SEMICONDUCTOR EQUIPMENT MANUFACTURERS AND
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IS SUPPORTED ON THE LC AMENDMENT BY THE CBK, KDK HAS
RETAINED THE LEGAL FIRM OF KIRKWOOD, KAPLAN, RUSSIN AND
VECCHI AS COUNSEL. ON 10 JUNE 1977 A COMPLAINT WAS FILED
IN FEDERAL COURT AGAINST CBK, WONJIN, AND DOOSAN AND A
TEMPORARY RESTRAINING ORDER WAS ISSUED BY THE FEDERAL
JUDGE AGAINST THE ABOVE MENTIONED DEFENDANTS PROHIBITING THE
CBK FROM ENFORCING ANY AMENDMENT TO THE LC WITHOUT THE CONSENT

OF KDK OR TAKING ANY STEP INCONSISTENT WITH KDK'S RIGHTS UNDER THE ORIGINAL IRREVOCABLE LC ISSUED IN ITS BEHALF. THIS ALLOWS US TO SHIP AND NEGOTIATE ITEMS NOT REQUIRING AN EXPORT LICENSE.

IN ORDER TO SUBSTANTIATE THE CREDIBILITY OF KDK'S POSITION I AM FORWARDING DOCUMENTS SUBMITTED TO THE COURT. THESE DOCUMENTS WILL ALSO PROVIDE A COMPLETE BACKGROUND ON OUR SITUATION.

IF WONJIN IS SUCCESSFUL IN ILLEGALLY SABOTAGING OUR PROJECT, AN AMERICAN COMPANY (KDK) WILL BE BANKRUPT, SEVERAL OF VENDORS WILL BE SERIOUSLY AFFECTED FINANCIALLY, THE USA WILL LOSE 3 MILLION DOLLARS IN EXPORTS, AND WONJIN WILL HAVE EXTRACTED ITSELF FROM WTS OBLIGATION WITH NO PENALTY.

IF WONJIN IS CONTEMPLATING LITIGATION AS THEY ADVISED YOU, KDK WOULD BE HAPPY TO MEET THEM IN COURT. HOWEVER WITHOUT US RECEIVING AN EXPORT LICENSE THEY WILL NEVER NEED TO GO TO COURT. WE ARE PURSUING THIS MATTER VIA OUR LEGAL COUNSEL AT THE DEPARTMENT OF COMMERCE IN WASHINGTON AND WILL BE VERY APPRECIATIVE OF YOUR SUPPORT. I WILL CALL WEDNESDAY MORNING TO DISCUSS

KDK SUVL
DAVID M HECK
KDK ELECTRONICS INC
777 EAST EVELYN AVENUE
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SUNNYVALE CA 94086
TEL (408) 739-3330
TELEX 346369 END QUOTE.

2. EMBASSY HAS ALSO RECEIVED FOLLOWING TELEX FROM KDK'S LEGAL COUNSEL: QUOTE

ATTN: COMMERCIAL ATTACHE, MR. TOM STAVE
THIS IS TO CONFIRM FACTS SET FORTH IN CABLE SENT TO YOU BY MR. DAVID HECK, V.P. KDK ELECTRONICS, RE SITUATION WITH WONJIN, DOOSAN, AND COMMERCIAL BANK OF KOREA; AND URGENCY OF OBTAINING EXPORT LICENSE TO KDK. REGARDS,
EDWARD B. COLLINS
KIRKWOOD, KAPLAN, RUSSIN AND VECCHI
END QUOTE

3. EMBASSY'S REASON FOR NOT RECOMMENDING KDK AS TRADE CONTACT WAS EXACTLY AS DESCRIBED IN WTDR, NAMELY THE TRADE DISPUTE REPORTED TO THE EMBASSY BY WONJIN. WE

HAVE NO MORE INFORMATION THAN THAT CONTAINED IN WTDR,
AND HAVE NOT ATTEMPTED TO MAKE JUDGEMENT ON WHICH
PARTY MIGHT BE AT FAULT IN DISPUTE.

4. WOULD APPRECIATE DEPARTMENT'S GUIDANCE.
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Message Attributes

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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
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Drafter: n/a
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Executive Order: N/A
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Expiration:
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